

---

**Finance Committee**

---

**HB 1977**

**Brief Description:** Concerning a sales and use tax exemption for home heating fuel.

**Sponsors:** Representatives Santos, Sullivan and Rolfes.

**Brief Summary of Bill**

- Provides a sales and use tax exemption for residential heating fuels to persons 60 years old and having a combined disposable income of \$50,000 or less.

**Hearing Date:** 2/17/09

**Staff:** Joseph Archuleta (786-7192)

**Background:**

The retail sales tax applies to the selling price of tangible personal property and of certain services purchased at retail. The tax is levied at a 6.5 percent rate by the state. Cities and counties may levy a local tax rate up to a maximum of 3.1 percent; currently, local rates levied range from 0.5 percent to 2.4 percent. Sales tax is paid by the purchaser and collected by the seller.

The use tax is imposed on items used in the state which were not subject to the sales tax, and includes purchases made in other states, as well as purchases from sellers who do not collect Washington sales tax. The state and local rates are the same as those imposed under the retail sales tax.

Electricity and natural gas are subject to the public utility tax and not taxed under the retail sales and use tax. However, other types of heating fuels used to heat homes such as fuel oil and diesel fuel are subject to the retail sales and use tax.

---

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Summary of Bill:**

A sales and use tax exemption is provided for residential heating fuels for persons 60 years old and having a combined disposable income of \$50,000 or less.

The exemption still requires sellers to collect the tax, but then buyers must apply to the Department of Revenue (DOR) for a refund that is equal to the state and local sales tax. The refund is calculated on price of the fuel multiplied by a percentage scale. For instance, if the price of the fuel is less than \$2.30 a gallon no refund is granted and if the price is greater than \$2.75 per gallon a full refund is granted. Any price in between results in a partial refund.

For tax calculation purposes, the DOR is required to use the residential price for fuel oil listed by the Federal Energy Information Administration for the month prior to the month in which the purchase occurred.

**Appropriation:** None.

**Fiscal Note:** Requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.